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IN THE

Supreme Court of the United States

OCTOBER TERM, 1967

No. 775

CHEMICAL CLEANING, INC., JOHN H. RUSCH and GEORGE LEWIS, *Petitioners*

v.

THE DOW CHEMICAL COMPANY, *Respondent*

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FIFTH CIRCUIT

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Petitioners, Chemical Cleaning, Inc., et al, pray that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Fifth Circuit, which affirmed the holding of the United States District Court for the Eastern District of Louisiana that petitioners were guilty of contempt.

CITATIONS TO OPINIONS BELOW

The opinion of the Court of Appeals (App., *infra,* p. 4a) is reported at 379 F2d 294, and the Judgment is not reported (App., *infra,* p. 9a). The Order of Injunction issued by the District Court resulting from the original action between the parties (App., *infra,* p. 1a) is not reported. The Conclusions of Law (App., *infra,* p. 2a) and Judgment (App., *infra,* p. 3a) of the District Court on the contempt hearing to show cause are not reported. Judgment of the District Court on Petitioners' Motion to Dismiss the Order to Show Cause is not reported (App., *infra,* p. 10a).

JURISDICTION

The jurisdiction of this Court is invoked under Title 28 USC 1254(1). While review is admittedly discretionary, it is believed that this petition should be granted under Rule 19 of this Court since the Court of Appeals has decided federal questions in a way in conflict with applicable decisions of this Court; has also departed from the accepted and usual course of judicial proceedings; and has furthermore sanctioned such a departure by the District Court, as to call for an exercise of this Court's power of supervision.

The Judgment entered on June 15, 1967 of the Court of Appeals is sought to be reviewed. Petition for Rehearing was denied on July 31, 1967. In addition, the District Court's judgment entered on June 21, 1963 on the Petitioners' Motion to Dismiss is sought to be reviewed. The Motion to Dismiss was presented to the Court of Appeals for review but was not considered by the Court of Appeals in its opinion and judgment.

The statutory provision believed to confer on this court jurisdiction is 35 USC 282 and 283.

QUESTIONS PRESENTED FOR REVIEW

1. In a contempt action for patent infringement in which the accused is estopped from contesting the validity of the patent in suit, is the accused also estopped from asserting his right to use the prior art invention of another expired patent which anticipates the invention of the patent in suit, and is the use of the invention of the expired patent by the accused a complete defense to the contempt action?

2. In a contempt action for patent infringement, is equivalency established between the accused process and that of the patent in suit where only facts are considered that both processes do the same work and accomplish substantially the same result, or does a determination of equivalency require additional facts to be considered, such as the context of the patent, the prior art, the scope of the claims of the patent, etc.?

3. In a contempt action for patent infringement, is the accused permitted to show that he is practicing the process of his own patent, and that his process does not read on the claims of the patent in suit, thereby to establish that the difference between the two processes is not colorable and that a fair ground of doubt exists as to the wrongfulness of his conduct, thereby requiring that the issues be tried, not in a contempt proceeding, but in a real trial of the issues arising on the two patents?

CONSTITUTIONAL PROVISIONS AND STATUTES INVOLVED

This Case involves:

The Due Process Clause of Amendment 5 of the U. S. Constitution which provides in pertinent part:

> * * * nor shall any person * * * be deprived * * * property, without due process of law * * *.

* * * * *

35 USC 282 provides in pertinent part:

> * * * The following shall be defenses in any action involving the validity or infringement of a patent and shall be pleaded:
>
> (1) Noninfringement, absence of liability for infringement, or unenforceability, * * *.

* * * * *

35 USC 283 provides:

> The several courts having jurisdiction of cases under this title may grant injunctions in accordance with principles of equity to prevent the violation of any right secured by patent, on such terms as the court deems reasonable.

* * * * *

28 USC 1254(1) provides:

Courts of appeals; certiorari—

> Cases in the courts of appeals may be reviewed by the Supreme Court by the following methods:
>
> (1) By writ of certiorari granted upon the petition of any party to any civil * * * case * * * after rendition of judgment or decree * * *

BASIS FOR FEDERAL JURISDICTION OF DISTRICT COURT

The jurisdiction of the District Court as a court of first instance is invoked under:

28 USC 1400 provides in pertinent part

Patents—

> * * * (b) Any civil action for patent infringement may be brought in the judicial district where the defendant resides, * * *.

* * * * *

STATEMENT OF THE CASE

The petitioners were found guilty of civil contempt in infringing the respondent's patent No. 2,959,555. The patent claims cover a one-step process using an aqueous acid solution for cleaning and removing incrustations from the inside walls of steam generating boilers. The claims state that the solution also contains one of five specific chemical compounds (urea derivatives), which compounds prevent copper (dissolved in the solution from the incrustations) from being re-deposited on the inside boiler surfaces. As a practical matter, only one of the claimed compounds is used commercially and that is thiourea.

Petitioners were using the process and thiourea of the respondent's patent at about the time the patent issued in November of 1960. Thereafter, petitioners started negotiations with respondent for a license under the patent, and while negotiations were in progress, petitioners were sued for infringement of the patent by respondent on October 26, 1961. Petitioners decided not t contest the infringement suit and entered into a consent decree on December 7, 1961.

Petitioners thereafter began to practice a two-step process for cleaning and removing the incrustations from boiler walls which mainly comprised an alkaline solution. The two-step process is the subject matter of U.S. patent No. 3,000,767 owned by the petitioners. An aspect of this two-step process is one final step of clean-up wherein thiourea is used to keep copper in solution and is somewhat similar to the process step of respondents patent 2,959,555. Accordingly, petitioners were apprehensive, because of the injunction, about the use of thiourea in the clean-up step and another chemical compound was developed, through extensive research, which kept copper in solution. A patent was applied for on the use of the newly developed compound, monomethylolthiourea, in the process and the patent issued to petitioner Chemical Cleaning, Inc. as Patent No. 3,074,825. The U.S. Patent Office was aware of respondents patent 555 and considered it as prior art when it issued petitioners patent 3,074,825.

Respondent filed a contempt action alleging that petitioners' use of their newly-developed compound was a violation of the injunction of the Consent Decree since it infringed the respondents' patent 555. Petitioners denied the allegation. The case was heard in July, 1962, before the District Court but no decision was given by the Court, due to the almost unheard of situation, that the Court Reporter was incompetent and the two days of trial were lost. Although contempt actions should be promptly heard, nothing further transpired until June 16, 1963 when petitioners (uneasy at the delay and failure to reschedule the hearing) filed a Motion To Dismiss the Contempt Action based on legal authorities which held that if

the alleged contemptor's conduct was *not merely colorable* and that a *fair ground of doubt existed,* that the contempt action should be dismissed. *California Artificial Stone Paving Co.* v. *Molitar,* 113, U.S. 609, 618; 5 S. Ct. 618, 622. *Patton* v. *Stone,* 178 F2nd 515. It was argued that since petitioners have a patent 825 on their process and that the patent did not *vis-a-vis* conflict with respondents patent 555, that clearly the alleged contemptuous act was not colorable and a fair ground of doubt existed. The District Court summarily dismissed the Motion To Dismiss with no opinion.

Not until October, 1964 (two years and 3 months after the first hearing) did the District Court hold a re-hearing on the contempt action. The employee expert witness for the respondents and evidence he presented were in almost total disagreement with the petitioners' independent expert witnesses and their evidence as to the facts on the question of whether or not the petitioners' patented compound, monomethylethiourea, was the factual equivalent of respondents' compound thiourea. Arguments were again presented to the District Court that the contempt action should be dismissed and a regular infringement action be instituted to determine the legal rights involved among the patents of petitioners and respondent.

Furthermore, at the hearing the petitioners attempted and were denied entry into evidence an expired patent. The purpose was not to attack validity of the respondent's patent, but for the purpose of establishing that, in the event the District Court held that the use of petitioner's patented compound monomethylolthiourea, was in fact the use of thiourea, then petitioners were following the process of the expired

patent. The expired patent showed the use of thiourea in a cleaning solution for removing incrustations from boiler walls, and, therefore, infringement was avoided in accordance with the concept that anyone is free to practice the teachings of an expired patent. The right to use the teachings of an expired patent are paramount, and is a complete defense to an infringement action where the alleged infringing device is that of the expired patent. *Scott Paper Co.* v. *Marcalus Mfg. Co., Inc.* 326 US 249, 257.

The District Court, on January 7, 1966 (one year and 3 months after the second hearing), entered judgment adjudging petitioners guilty of *willful* civil contempt. No opinion was written by the District Court and it adopted 28 Findings of Fact which respondent presented (although not called for by the Court) with its post-trial brief. No attempt was made by the District Court to explain how it arrived at the conclusion that the contempt was willful in view of the fact petitioners were practicing their own patent and also that the respective experts were in complete disagreement on the facts. The District Court also held that petitioners' solution containing the compound, monomethylolthiourea, was the full equivalent of the solution of the patent in suit since it does the same work and accomplishes the same result as thiourea, citing *Graver Tank & Mfg. Co., Inc.* v. *Linde Air Products Co.,* 1950, 339 US 605, 608, 609. Furthermore, the District Court held that the only question in the contempt proceeding was whether the modified composition is equivalent to the original in relation to the patent in suit. The Court completely ignored the other facts (set forth in detail in petitioners' post-trial brief) necessary to be considered before infringement can be found based

on the *Graver Tank case.* It would appear that the complexity of the chemistry involved in the facts, and the legal principles involved in patent infringement (especially where equivalency is involved) were more than the District Court could cope with.

On the appeal taken to the Court of Appeals, for the purpose of simplifying the issues, only three issues involving error were presented for review, although petitioners disagreed with many of the findings of fact. The first dealt with petitioners' arguments based on *Patton* v. *Stone* and *California Artificial Stone Paving Co., supra,* that the Motion To Dismiss should have been granted. The Court of Appeals in its opinion and decision did not mention this issue, and completely ignored appellants' arguments.

The second issue before the Court of Appeals was that the District Court erred in the application of the law of the Graver Tank Case in finding full equivalence. The Court of Appeals agreed with the District Court that only the factual equivalance (doing the same work, employed in the same way, accomplishing the same result) was necessary to establish the equivalence, and disregarded petitioners' arguments that the equivalency must be determined against the context of the patent, the prior art, etc.

The third issue before the Court of Appeals was that the District Court erred in refusing to permit entry into evidence of an expired patent which could have established that Petitioners had avoided infringement. The Court of Appeals dismissed this issue by garbling it with the issue of equivalence and the Graver Tank case. Possibly feeling that it was an insufficient reason, the Court then enunciated an estoppel against petitioners stating that petitioners should have adduced

the expired patent at the original infringement proceeding. Such a holding was a complete disregard of petitioners' rights since respondent never presented such an estoppel; no inquiry was made to determine whether or not this patent was known to petitioners at the time of the original action; and no antecedent basis was established to invoke the estoppel.

REASONS FOR GRANTING THE WRIT

The petitioners in this case have been shabbily treated by the District Court and the Court of Appeals. Both courts have departed from the accepted course of judicial proceeding in disregarding petitioners' briefs and arguments and rights. Both courts have utterly misapprehended the plain arguments set forth on equivalency, which arguments are based on this court's enunciations in *Graver Tank and Mfg. Co., Inc.* v. *Linde Air Products Co.*, 1950, 339 U.S. 605. The two lower courts have blindly adhered to the concept that *doing the same work, employed in the same way, and accomplishing the same result* establishes equivalency and no other facts are necessary. This is not the case and other facts must be considered as this Court stated in the Graver Tank case:

> *"What constitutes equivalency must be determined against the context of the patent, the prior art, and the particular circumstances of the case.* * * * An important factor is whether persons reasonably skilled in the art would have known of the interchangeability of an ingredient not contained in the patent with one that was. [Emphasis added]

In ignoring petitioners' arguments on the equivalency question, the lower courts have effectively deprived them of the elementary right of a day in court and due

process. In the Graver Tank case, this court indicated guidelines to obtain uniformity in court decisions dealing with equivalency questions on patent infringement. But the decisions of the two lower courts do not follow the guidelines and render uniformity impossible. The courts have applied their own test of equivalency. In this case, the courts would not consider petitioners' arguments with respect to the prior art, the scope of the claims, etc. The District Court would not permit any prior art to be admitted into evidence, and would not even permit reference to petitioners' patent. In view of the restrictions placed on petitioners regarding evidence, the blind disregard of petitioners' arguments, it is wholly unjust to permit the finding of equivalency to stand and thus establish that petitioners are guilty of contempt.

* * * * *

A further circumstance wherein petitioners' rights were denied by the lower courts is the fact that petitioners were not permitted to put into evidence an expired patent. Petitioners wished to avail themselves of every distinct defense as provided by 35 U.S.C. 282(1). They were ready to prove (apart from the question of equivalency) that everything they were doing was taught by the expired patent, and furthermore they were using the process of the expired patent. The District Court refused entry of the expired patent into evidence in spite of petitioners' protestations and arguments that anyone has a right to do exactly what an expired patent discloses. The Court of Appeals when presented with this question completely misapprehended the question and confused it with the equivalency arguments. Furthermore, the Court of Appeals elicited an estoppel against petitioners, by arbitrarily opining that the expired patent should have been ad-

duced at the original infringement proceeding. No inquiry was made as to whether or not this evidence was available to petitioners originally.

The lower Courts' decisions in refusing to permit entry of the expired patent and thereby not permitting petitioners to show that they were practicing the process of the expired patent, are in conflict with the decision of this court in *Scott Paper Co.* v. *Marcalus Mfg. Co., Inc.,* 326 U.S. 249, 257, wherein the court clearly established the principle that even though one is estopped from contesting validity of a patent he is allegedly infringing, he is not estopped from asserting his right to use the prior art invention of another expired patent which anticipates that of the patent in suit, and he has a complete defense to the infringement action where the alleged infringing device is that of the expired patent. The lower courts' denial of the right of presenting this defense was a shocking violation of due process.

This case should never have been tried in a contempt proceeding: Petitioners filed a motion to dismiss (which was denied) in the District Court alleging that since petitioners were granted a patent on the process they were using, that their acts complained of could not possibly be merely colorable and a fair ground of doubt existed as to the contempt. It was carefully pointed out to the court that the petitioners' process did not read on the claims of the respondent's patent. In line with the decision of this court in *California Artificial Stone Paving Co.* v. *Molitar,* 113 U.S. 609, the contempt action should have been dismissed. The Court of Appeals when presented with the question and a decision of the Fifth Circuit (Patton v. Stone, 5th Cir., 1949; 178 F. 2d, 515, 517) almost squarely in

point, did not even bother to respond thereto in its opinion.

It is submitted, that when two patents are in conflict that the proper forum is not in a contempt action but in a real trial of the issues arising on the two patents.

From the facts of this case, it is quite clear that petitioners have been denied their rights of defense and due process. The mere fact that it took almost four years for the District Court to find petitioners guilty of contempt is a denial of petitioners' rights to a speedy trial.

The court is respectfully urged to grant this petition.

Respectfully submitted,

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